Louisiana's Medicaid Program

March 4, 2009

Presented by:

Sybil Richard, Deputy Secretary
Department of Health and Hospitals

LOUISIANA

Department of
HEALTH and
HOSPITALS

Medicaid Program SFY 2008 -2009

In mid-December 2008, the Revenue Estimating Committee met to address the reduction in States revenues.

As a result, the Medicaid Program reduced its budget for FY 2009 by $92 million in State Funds. This translates into $258 million in total funds.

On January 9, 2009, the Department presented its Deficit Reduction Plan to the Joint Legislative Committee on the Budget

One of the cost containment options included the monthly prescription limits with Prior Authorization

Louisiana's Medicaid Pharmacy Benefits Management (PBM) System

March 4, 2009
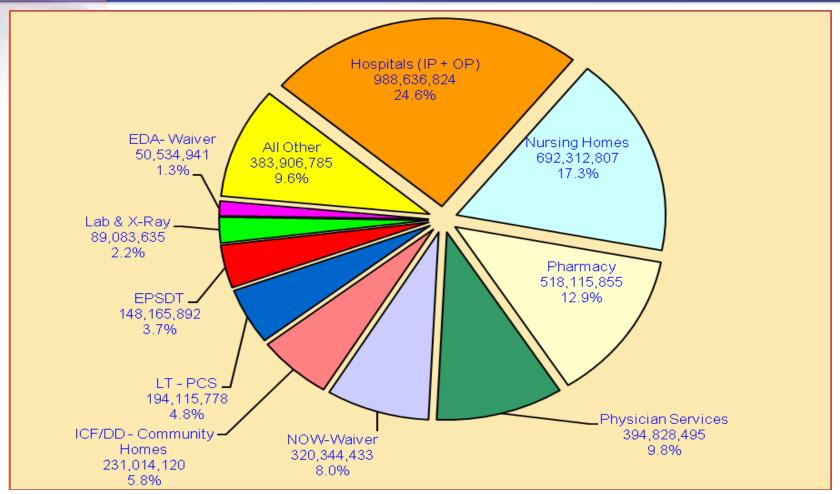
Presented by: M. J. Terrebonne

Medicaid Pharmacy Director
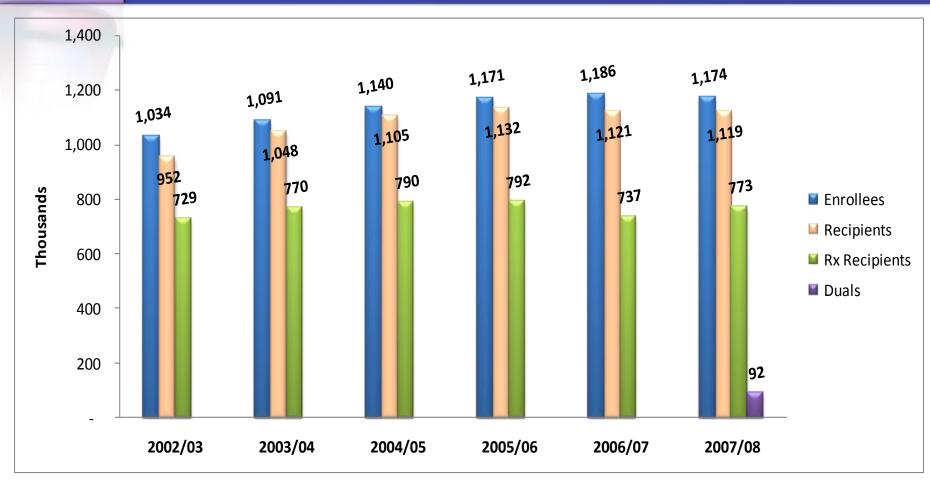
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Top Ten Private Providers - SFY 2007/08

Hospitals (IP + OP)
988,636,824
24.6%

Nursing Homes
692,312,807
17.3%

Pharmacy
518,115,855
12.9%

Physician Services
394,828,495
9.8%

NOW-Waiver
320,344,433
8.0%

ICF/DD - Community Homes
231,014,120
5.8%

LT - PCS
194,115,778
4.8%

EPSDT
148,165,892
3.7%

Lab & X-Ray
89,083,635
2.2%

EDA- Waiver
50,534,941
1.3%

All Other
383,906,785
9.6%

Historical Medicaid Enrollment & Recipients

Louisiana's Medicaid PBM

- ➢ Rx benefits for Medicaid Recipients (Began 1966 with implementation of Medicaid Program)
- ➢ State owned and operated PBM
  - ○ Not for Profit
  - ○ All savings derived from PBM Accrue to Benefit of State

Louisiana's PBM Components:

- Provider Network
- State Maximum Allowable Costs (MACS)
- Provider Fees
- Co-payments
- Preferred Drug List
- Prior Authorization
- Monthly Prescription Limits
- Provider Help Desk
- E-Clinical Data Inquiry
- E-Prescribing
- Outcomes Management

- Claims Management
- Manufacturer Rebate Maximization - Federal & State
- Provider Audits
- DUR-Prospective, Education, Retrospective,
- On-line Prescription Reporting
- Provider & Patient Reporting
- Lock-In for Misutilizers
- Coordination of Benefits (Third Party Liability)
- Program Oversight - CMS, AG, OIG, & DHH

Louisiana's Medicaid PBM Controls

PBM Cost Containment

1960's
- Rx benefits for Medicaid Recipients (1966)
- Comprehensive Audit Program (1966)
- Prior Authorization Cost Containment Program (1966-1974)

1970's
- Peer and Utilization Review Committee (1976)
- First MMIS (1977)

1980's
- Recipient Lock-In (1980)
- State Maximum Allowable Cost (MAC) (1984)
- Restricted Formulary Instituted (1988)
- Restricted Formulary Repealed by Act 403 (1989)

1990's
- Omnibus Budget Reconciliation Act OBRA 90 (1990)
  - Required Sate Level DUR
  - Required Patient Profiles
  - Required Patient Counseling
  - Implemented Manufacturers Drug Rebates and DUR (1991)
- $0.10 Provider Fees (1992)
- Office of Mental Health Discontinues Drugs for Patients; Drug Cost Assumed by Pharmacy Program
- Expanded Lock-In Program
- Implemented Co-pay Controls
- Pharmacy Benefits Management System
  - Medicaid Pharmacy Benefits Management Advisory Work Group Created to Maximize Program Efficiency and Effectiveness
  - Interdisciplinary Counsel Comprised of Health Care Executives Formed (1995)
- Billings System Implemented Requiring Provider to Bill Medicare first for Dual Eligibles (1996)

2000's
- Provider Peer Based Profiling (2002)
- Supplemental Rebates (2002)
- Clinical Drug Inquiry Applications (2003)
- Coordination of Benefits 2003
- Disease Focus DUR-2004
- Part D Implementation (2006)
- E-Prescribing (2008)
- Preferred Drug List & Prior Authorization (2002)
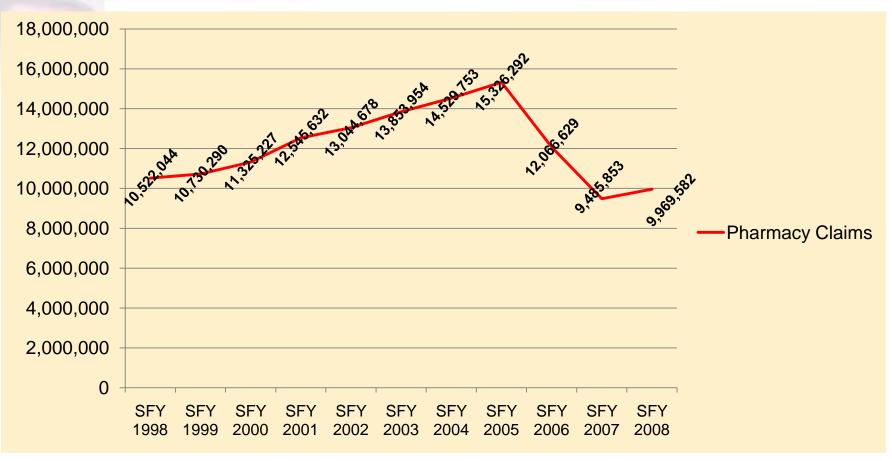- Prescription Limit (8/month) (2003)
- HIPAA Compliant (2003)
- Provider Audits (2004)
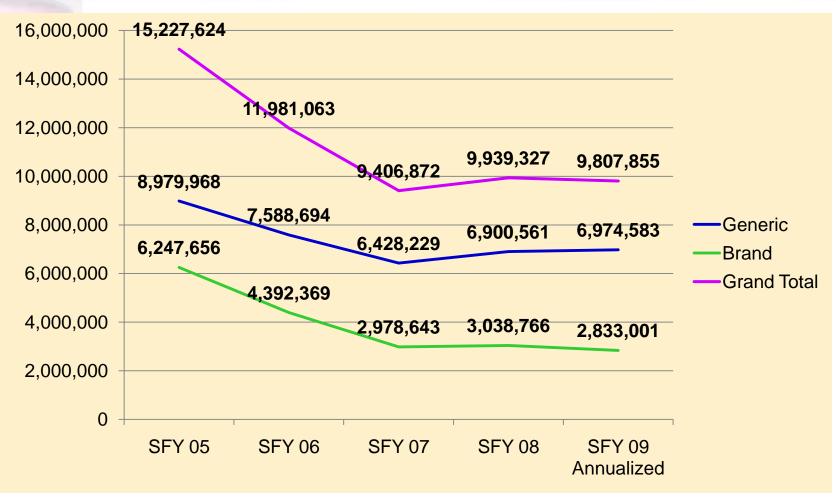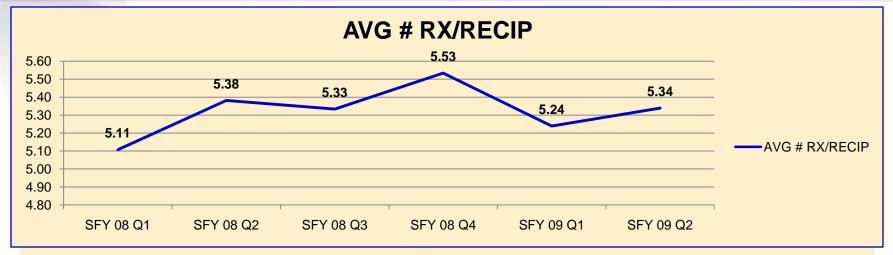- Antipsychotic DUR Initiative -2005
- Asthma HELP (2006)

Medicaid Rx Cost

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Pharmacy Claim Count

Prescription Count

	SFY 05	SFY 06	SFY 07	SFY 08	SFY 09 Annualized
Grand Total	15,227,624	11,981,063	9,406,872	9,939,327	9,807,855
Generic	8,979,968	7,588,694	6,428,229	6,900,561	6,974,583
Brand	6,247,656	4,392,369	2,978,643	3,038,766	2,833,001
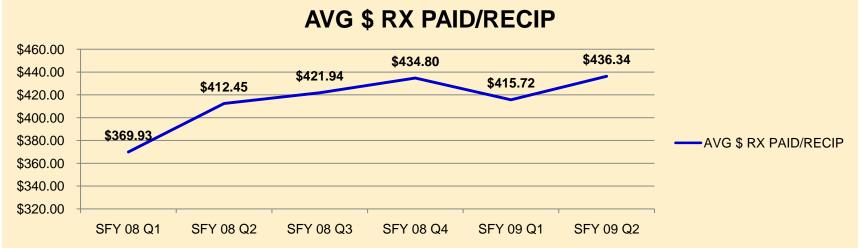
Average Rx/Recipient and Average Rx Paid/Recipient

AVG # RX/RECIP

Data points:
- SFY 08 Q1: 5.11
- SFY 08 Q2: 5.38
- SFY 08 Q3: 5.33
- SFY 08 Q4: 5.53
- SFY 09 Q1: 5.24
- SFY 09 Q2: 5.34

Legend: AVG # RX/RECIP

AVG $ RX PAID/RECIP

Data points:
- SFY 08 Q1: $369.93
- SFY 08 Q2: $412.45
- SFY 08 Q3: $421.94
- SFY 08 Q4: $434.80
- SFY 09 Q1: $415.72
- SFY 09 Q2: $436.34

Legend: AVG $ RX PAID/RECIP

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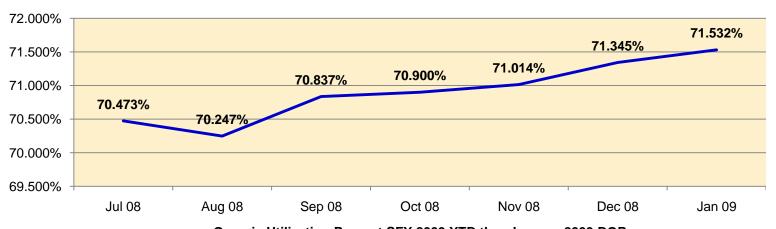
Average Cost Per Claim and Generic Utilization Percentage

Average Cost Per Claim SFY 2009 YTD thru January 2009 DOP

	Jul 08	Aug 08	Sep 08	Oct 08	Nov 08	Dec 08	Jan 09
Average Cost Per Claim	$78.02	$79.06	$80.69	$80.50	$81.09	$83.18	$82.59
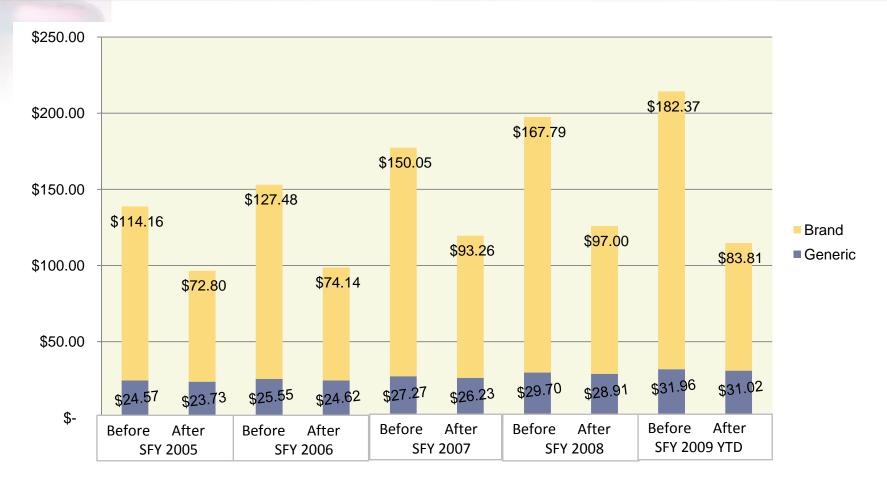
Generic Utilization Percent SFY 2009 YTD thru January 2009 DOP

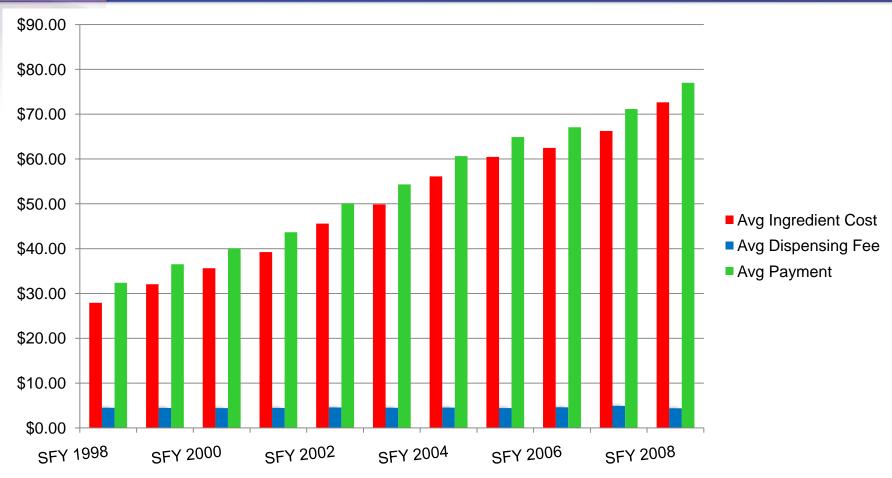|	Jul 08	Aug 08	Sep 08	Oct 08	Nov 08	Dec 08	Jan 09
Generic Utilization Percent	70.473%	70.247%	70.837%	70.900%	71.014%	71.345%	71.532%

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Average Payment/Average Net Cost After Rebate

Pharmacy Claim Payment

Amount Reimbursed

Factors contributing to current trend of Pharmacy Expenditures:

- Increase in Federal and State Supplemental Rebates
- Generic Utilization increase
- Federal Upper Limits reestablished in September 2008
- Discount Generic Prescriptions ($4.00 Rxs)
- Generic Price Trends
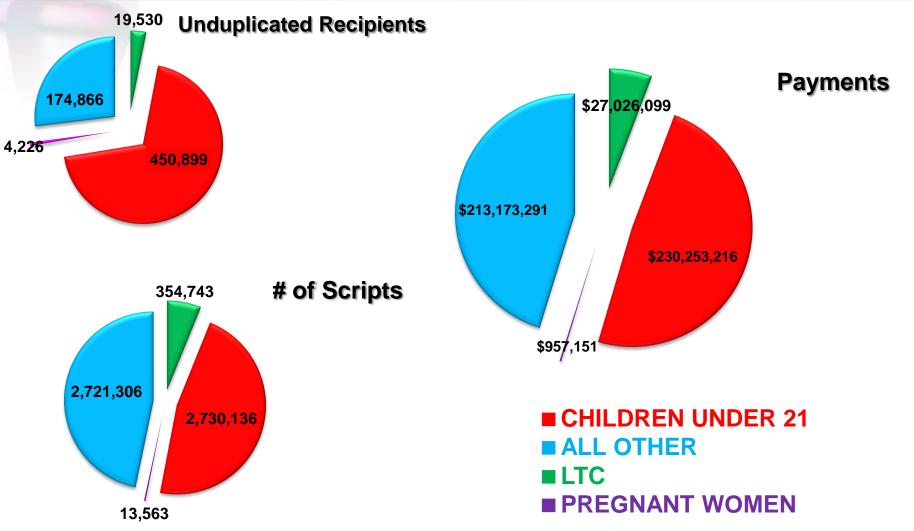
- New Drugs
- Preferred Drug List Compliance
- Medicaid Enrollment
- Pharmacy Provider Audits
- Coordination of Benefits

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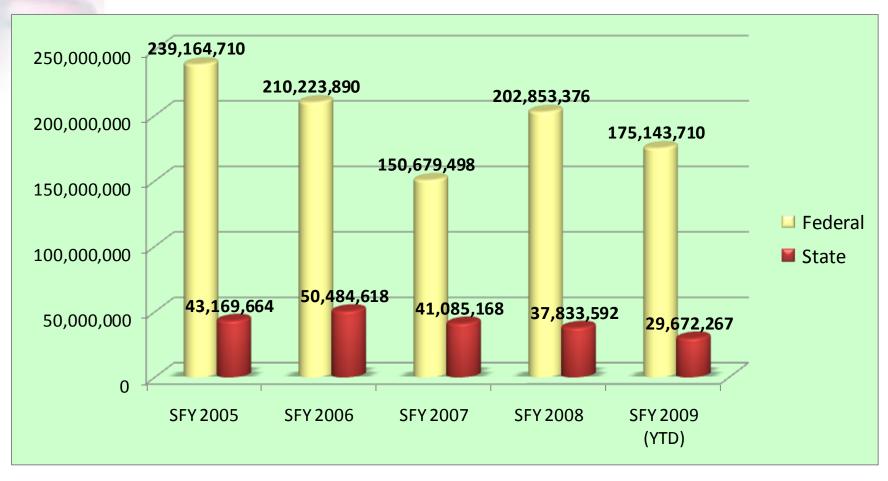
Pharmacy Chain Claim Counts < $12

SFY 2008 DOP

Chain Name	Claim Count
Chain 1	5,403
Chain 2	9,953
Chain 3	5,198
Chain 4	2,517
Chain 5	11,071
Chain 6	310,617
Chain 7	448,674
Grand Total	**793,433**
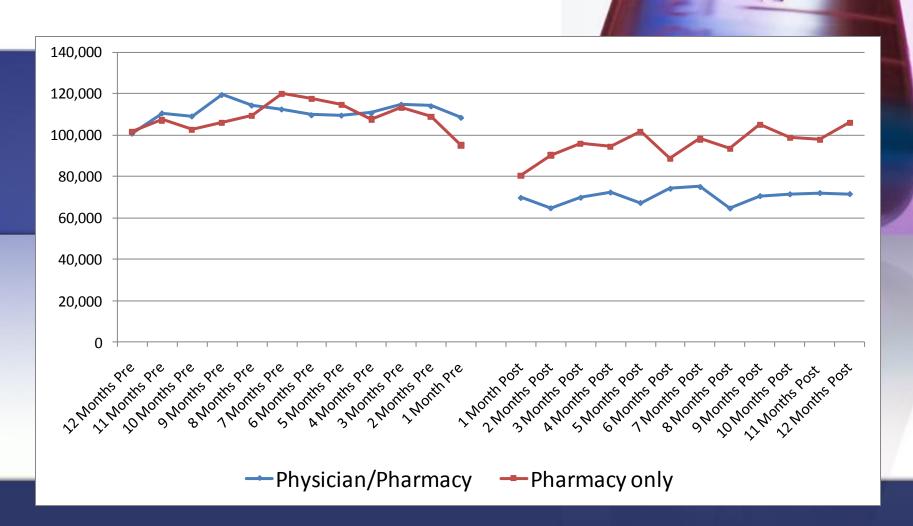
SFY 2009 YTD DOP

Chain Name	Claim Count
Chain 1	4,216
Chain 2	6,936
Chain 3	2,992
Chain 4	1,632
Chain 5	6,498
Chain 6	189,363
Chain 7	280,108
Grand Total	**491,745**

Pharmacy Rebate Program SFY 2005 – Present

Total Prescription Costs: Pre- and Post-Lock-in

RETROSPECTIVE DUR (LADUR)

Disease States Reviewed and Outcomes

HYPERTENSION (HTN) MANAGEMENT

❑ RECOMMENDED HTN TREATMENT

34% STARTED AN ANTI-HYPERTENSIVE AGENT

DIABETES MANAGEMENT

❑ RECOMMENDED A1C TESTING BE PERFORMED

- 41% HAD LAB TEST PERFORMED

HEART FAILURE

❑ RECOMMENDED DISCONTINUING NSAID in heart failure patients

- 63% DISCONTINUED NSAID

Louisiana's Medicaid PBM

DISEASE MANAGEMENT

Educational Brochures to recipients and Clinical
Literature to prescribers & pharmacists on:

- ➤ Asthma
- ➤ Hyperlipidemia
- ➤ Arthritis
- ➤ Congestive Heart Failure
- ➤ ADD/ADHD
- ➤ Gastrointestinal Series – GERD
- ➤ Diabetes
- ➤ Insomnia

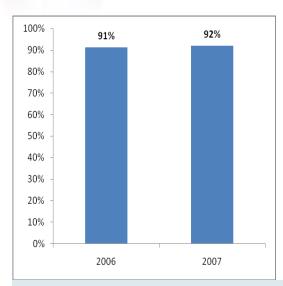# Asthma HELP (Asthma Health Education by Louisiana Pharmacists)

- Program developed and implemented by ULM College of Pharmacy
- Medicaid recipients with a history of asthma-related ER visits are called and asked to participate
- Called on a regular basis by pharmacists who are certified asthma educators
- Asthma educators also communicate with patient's regular physician
- Usually are ~450 enrolled in Asthma HELP program
- Analysis of 90 recipients in Asthma HELP was conducted last year. To be in study, recipient had to be continuously eligible for Medicaid one year prior and one year post enrolling in Asthma HELP program.

	12 month pre enrollment	12 month post enrollment	% change
Asthma-related ER visits	331	176	-47%
Asthma-related hospitalizations	72	3	-46%
Asthma-related medical costs	$320,652.55	$184,449.91	-$136,202.64
Asthma-related pharmacy costs	$123,740.30	$167,623.36	+$43,883.06
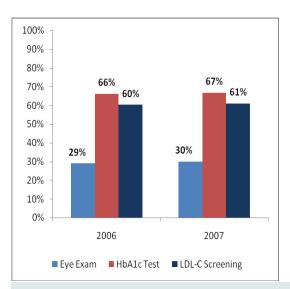
HEDIS® Measures for Calendar Years 2006 and 2007 for Louisiana Medicaid Recipients

Use of Appropriate Medications for People with Asthma

The percentage of recipients aged 5-56 years with persistent asthma who were continuously enrolled during the measurement year and who were prescribed preferred medications for long-term asthma control.

Comprehensive Diabetes Care

The percentage of recipients aged 18-75 with diabetes who were continuously enrolled during the measurement year and who had one or more of the respective tests or screenings.

Pharmacy Provider Compliance Audits

The purpose of the Pharmacy Compliance Audit is to determine compliance with state and federal laws and regulations, agency policies, practices and procedures.

In SFY 2008:

- 1,712 pharmacy providers (in-state and out of state) filled claims for 761,606 recipients

- PBM Unit recovered $1,350,944 through various audit tests

- Area of focus for audit include:
  - ✓ analysis of duplicate claims payment; Invoice compliance audits
  - ✓ Prescriber and recipient verifications; DUR documentation reviews
  - ✓ Negative balance reviews; date of death reviews and
  - ✓ Top recipient utilization reviews

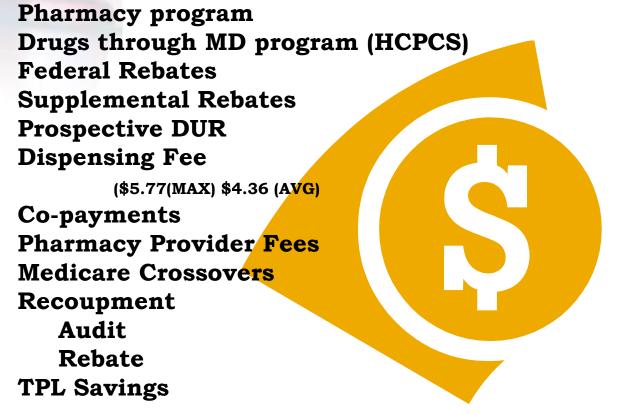# Preferred Drug List and Supplemental Rebates

❑ Sixty-nine (69) therapeutic classes are included in the PDL review process

  ❖ State supplemental rebates ($37,833,592) SFY 2008

  ❖ The PDL compliance rate for SFY 2008 was approximately 92% .

  ❖ The Pharmacy program contracts with Provider Synergies to negotiate state supplemental rebates with drug manufacturers and assist with maintenance of the PDL.

Louisiana Medicaid Pharmacy Benefits Management Program Savings State Fiscal Year 2008

Pharmacy program	$198,275,637
Drugs through MD program (HCPCS)	$ 4,577,739
Federal Rebates	$202,853,376
Supplemental Rebates	37,833,592
Prospective DUR	30,889,077
Dispensing Fee	
($5.77(MAX) $4.36 (AVG)	14,057,111
Co-payments	7,900,860
Pharmacy Provider Fees	7,504,709
Medicare Crossovers	9,370,615
Recoupment	
Audit	1,350,779
Rebate	1,714,549
TPL Savings	20,125,217
TOTAL	**$333,599,883**

Federal Funds (71.78%) = $239,457,996
State Funds (28.22%) = $57,305,788

Wireless Handheld Clinical Pharmacology Drug Information Database and e-Prescribing

Informed Decisions, LLC, a Gold Standard company administers the **eMPOWERx** program for enrolled Louisiana Medicaid prescribing practitioners. They are responsible for developing and maintaining high quality, reliable clinical pharmacology information data and technical expertise with handheld technology to perform electronic prescribing. The **eMPOWERx** program provides:

> ➢ 100-day history of all Medicaid drugs dispensed
> ➢ Integration of the Medicaid Preferred Drug List
> ➢ *Clinical Pharmacology©* Drug Information
> ➢ Drug to drug interaction alerts
> ➢ Access to an online version
> ➢ Electronic transmission of prescription to participating pharmacies
> ➢ 2008 – 500 devices deployed to Louisiana Medicaid enrolled prescribing practitioners
> ➢ 2009 – 125 new devices to be deployed
> ➢ Approximately 68,697 prescriptions have been sent through the **eMPOWERx** program since the beginning of the program

LA Medicaid PBM

Electronic Clinical Data Inquiry Application (e-CDI)

E-CDI
- ❖ **Internet Web-Based**
- ❖ **Available 24 hours/day**
- ❖ **Updated on a daily basis**
- ❖ **Print friendly version**

- ❖ **Each Medicaid recipient**
  - ❖ **All drugs dispensed**
    - ❖ This month
    - ❖ Last month
    - ❖ Last four months
    - ❖ By all prescribers

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E-CDI

❖**Availability of data**
- ✓**Any practice location**
- ✓**Office or Pharmacy**
- ✓**Emergency Room**
- ✓**Hospital or Clinic**

E-CDI

❖**Benefits:**
  ✓**Evaluate drug usage**
  ✓**Assist with:**
    •**Monthly prescription limit**
    •**D/C drugs**
    •**Less costly drugs**
    •**More clinically appropriate**
  •**Better drug outcomes**

Louisiana's Medicaid PBM

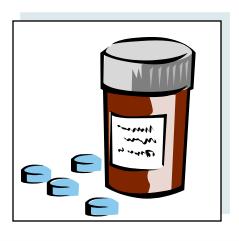INFORMATION COMPONENTS:

CLINICAL DATA INQUIRY APPLICATION

Louisiana Department of Health and Hospitals

File

Louisiana Medicaid Clinical Drug History

e-CDI DRUG INQUIRY

LOUISIANA

Department of
HEALTH and
HOSPITALS

Recipient's Medicaid ID Number or CCN: **1234567890123**

Recipient's Date of Birth: **11/01/2001**

Recipient's Name: **DOE, JONATHAN**

Recipient's Sex: **M**   Recipient's Age: **1**

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Main Menu

Print

Click below to Select the Drug History Period:

- ⦿ This Month
- ○ Prior Month
- ○ Last 4 months

NOTE: The information presented on this page represents the state of available recipient and claims information as of mm/dd/yyyy.

EPSDT Ind: **Y**

CommCARE Ind: **Y**

Paid Prescriptions filled this month:

PRESCRIPTIONS ARE LISTED IN REVERSE CHRONOLOGICAL ORDER (Most Recent First)

Nbr	Date Serv	Brand/Trade Name	Generic Description	Strength	Route	Quantity	Days Supply	PT	PS

PT=Provider Type, PS=Provider Specialty (click on the PT or PS column to display a description of the PT or PS code).   << Prev Next >>

Pharmacy Provider Information

Monthly Rx Limit Policy

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Monthly Rx Limit by State

Southern States	Monthly Rx Limit – Mechanism to exceed monthly limit
Alabama	5 brand limit; Hard cap Of brand at 10.
Arkansas	3 Rx limit; Up to 6 per month With PA.
Kentucky	4 Rx limit PMPM Override provisions At POS
Louisiana	8 Rx limit PRPM Override provisions At POS
Mississippi	5 Rx per month for adults PA for children over 5
North Carolina	8 Rx limit. RPh can Override up to 12.
South Carolina	4 Rxs per month Overrides unlimited
Texas	3 Rx limit

All Other States	Monthly Rx Limit – Mechanism to exceed monthly limit
California	6 Rx per month PA
Delaware	Limit of 15 Rxs PA
Hawaii	PA required to exceed limit.
Illinois	3 Brand limit per month; PA
Kansas	5 brand name drugs RPhs allowed to override at POS
Maine	5 brand limit
New York	Yearly Rx limit
Oklahoma	6 Rxs per month
Pennsylvania	6 Rxs per month
Washington	4 brand limit

Current Month Service Limit

✓**Eight (8) prescriptions per calendar month per recipient**

✓**Exemptions to Limit**
  ❖**Persons under 21 years of age**
  ❖**Persons who are residents of long term care institutions**
  ❖**Pregnant women**

✓**Eight (8) prescription limit can be overridden when the prescriber determines an additional prescription is medically necessary and communicates the following information to the pharmacist in his own handwriting or by telephone:**
  ❖**"Medically necessary override;" and**
  ❖**A valid ICD-9-CM Diagnosis Code that directly relates that is over the eight (8) prescription limit**

Rx Limit Report
Dec 2008 DOP by Claim Sequence

Limit	All-others		
	# of Recip	# of Script	Cost
>3	44,132	205,956	$17,384,196
>4	34,823	161,824	$13,848,536
>5	**27,660**	**127,001**	**$10,990,105**
>6	21,784	99,341	$8,496,229
>7	17,212	77,557	$6,693,931
>8	13,123	60,345	$5,131,297
>9	10,090	47,222	$4,002,938
>10	7,775	37,132	$3,124,526

Rx Limit Report
Dec 2008 DOP by Paid Amount

Limit	All-others		
	# of Recip	# of Script	cost
>3	44,132	205,956	$6,580,940
>4	34,823	161,824	$4,412,243
>5	**27,660**	**127,001**	**$3,052,260**
>6	21,784	99,341	$2,155,777
>7	17,212	77,557	$1,551,750
>8	13,123	60,345	$1,128,841
>9	10,090	47,222	$836,505
>10	7,775	37,132	$627,461

PROPOSED EMERGENCY RULE
MONTHLY RX LIMIT

As directed by Act 19 of the 2008 Regular Session of Louisiana Legislature which states: "The Secretary shall, subject to review and approval, implement reductions in the Medicaid program as necessary to control expenditures to the level appropriated in this Schedule."

1. Prior authorization remains in effect for all prescriptions not on the preferred drug list (PDL).
2. Prior authorization is required for prescriptions in excess of five per calendar month per recipient.
    1. Recipients may receive in excess of five prescriptions per month when the prior authorization process determines that:
        1. Life threatening medical condition; or
        2. If the prescription is not dispensed, the recipient may be hospitalized or placed in jeopardy
3. The following federally mandated groups are exempt: Person under 21; Long-Term Care; and Pregnant Women
4. The Prior Authorization process provides a turn-around response by either telephone or other telecommunications device within 24 hours of receipt of PA request . In emergency situations, provider may dispense at least a 72 hr supply of medication.

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Policies

Effective Date – May 1, 2009
•**Federally mandated recipient groups exempted:**
   (1) individuals under 21 years of age;
   (2) LTC residents;
   (3) and Pregnant women

•**Non-exempted recipients**
   ☛**limited to (5) five Rxs per month**
   ☛ **Rxs in excess of (5) five per calendar month will be denied.**

Prior authorization will be available to prescribers to request prescriptions over 5 in a calendar month when:
   (1) the prescription is for a life threatening medical condition, or
   (2) if the prescription is not dispensed, the recipient may be hospitalized or placed in jeopardy.

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PA Requirements

Federal Statute requirements for prior authorization:

•Provides response by telephone or other telecommunication device within 24 hours of a request; and

•Provides for the dispensing of at least 72 hour supply of a covered outpatient drug in an emergency situation.

This process is independent of the current prior authorization process for drugs which are non-preferred.

PA Approval Process

DHH is utilizing the services of

• the University of Louisiana at Monroe, College of Pharmacy and,

• Unisys to operate the Prior Authorization (PA) system.

Prescription Limit
Prior Authorization Process

The prescribing practitioner will be required to initiate the prior authorization request using one of the following processes:

- ✓ **Website request: www.lamedicaid.com**
    - o **Using the electronic PA (e-PA) request**

- ✓ **Phone request: ULM PA Operations, 1-866-730-4357**
    - o **ULM Pharmacist may provide drug history information**

- ✓ **Fax request: Will be available at a later date**

Prescription Limit Prior Authorization Process

Prior to requesting the PA for prescriptions in excess of 5 prescription limit, prescribers shall be informed of the recipient's current drug history from one of the following :

✓ **Recipient communication**

✓ **Website request: www.lamedicaid.com**
  - The recipient's drug history will be available when requesting an e-PA.
  - Drug history available via e-CDI

✓ **Phone request: ULM PA Operations, 1-866-730-4357**
  - ULM Pharmacist will provide drug history information when requested.

Emergency Procedure

Prescriptions indicating emergency situations shall be dispensed in a MINIMUM quantity of a 3 day supply but no more than a MAXIMUM of a 10 day supply.

The minimum quantity of a 3 day supply and maximum 10 day supply now apply to all instances where a pharmacist submits an EMERGENCY override.

Includes:
- **Non-preferred drug without PA**
- **Non lock-in providers**
- **Prescriptions for antipsychotic agents without diagnosis code**

Emergency Procedure

Prescriber must indicate on the prescription that the prescription is an emergency RX if a hard copy or if by phone, the prescriber must communicate to the pharmacist who will write "Emergency RX" on the prescription.

When the pharmacist determines the prescription is an emergency, the pharmacist must indicate "Emergency by Pharmacist" on the hard copy prescription.

DHH will monitor emergency prescriptions through management reports.

Medicaid Recipients

➢**Exempt from prescription limit, if you are:**
- ▪**Under 21 years old**
- ▪**Pregnant women**
- ▪**Living in a long-term care facility**

➢**If you are not exempt, beginning May 1, 2009:**
- ▪**You will be limited to five (5) prescriptions per month**

➢**What can you do if you are taking more than five (5) medicines per month?**
- ▪**Talk to you doctor. If your doctor decides you need more than five (5) medications a month, the doctor needs to sends a request to the State.**

➢**You will be able to get an emergency supply of medications under certain circumstances**